

Message Text

SECRET

PAGE 01 JIDDA 02050 231536Z

43

ACTION EB-03

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 PM-03 OES-02 PRS-01

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FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 0666

INFO AMEMBASSY ALGIERS

AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY BRASILIA

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY KUWAIT

AMEMBASSY KINSHASA

AMEMBASSY LAGOS

AMEMBASSY JAKARTA

AMEMBASSY LIBERVILLE

AMCONSUL DHAHRAN

AMEMBASSY QUITO

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

S E C R E T JIDDA 2050

LIMDIS

BEIRUT PASS BAGHDAD

E.O.: 11652: GDS

TAGS: ENRG, SA, US

SUBJ: SAUDI POSITION ON THE PRODUCER/CONSUMER CONFERENCE

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PAGE 02 JIDDA 02050 231536Z

REF : STATE 58837

SUMMARY: SAUDIS CALL FOR GENEVA SITE FOR CONSUMER/ PRODUCER CONFERENCE WHICH SHOULD BE LIMITED TO AROUND TWENTY COUNTRIES TO BE SELECTED BY MAY 1. NATURAL ALLIANCES EXIST AND THE CONFERENCE WILL COME TO DECISIONS BY CONSENSUS, NOT VOTING IN THEIR VIEW. AGENDA AS PROGRAMMED IN REFTEL IS ROUGHLY WHAT SAUDIS EXPECT. THEY DO NOT BELIEVE CONFERENCE CAN DEAL WITH RADICAL REVISION OF MONETARY OR FINANCIAL SYSTEMS AND SAUDI ARABIA MAY BE WILLING IN EMBASSY OPINION TO HELP US OPPOSE PLACING THIS ITEM ON AGENDA. PRINCE SAUD WILL ATTEND PREPCOM. END SUMMARY.

1. THE CONFERENCE SHOULD BE HELD IN GENEVA. THE PARTICIPANTS SHOULD BE LIMITED TO AROUND 20 COUNTRIES: THE COUNTRIES ATTENDING THE PREPARATORY MEETING, PLUS ABOUT 10 MORE. THERE SHOULD BE NO TROUBLE IN SELECTING THE REPRESENTATIVES OF THE INDUSTRIALIZED COUNTRIES (THE EUROPEAN COMMUNITY CAN ALWAYS REPRESENT THE INDIVIDUAL COUNTRIES). CANADA MIGHT BE INCLUDED AND PERHAPS AUSTRALIA. IT WILL BE DIFFICULT, HOWEVER, TO SELECT ADDITIONAL MEMBERS FROM THE LDCS BECAUSE ALL WANT TO ATTEND. SAUDI ARABIA PROPOSES ASKING THE GROUP OF LDCS TO SELECT THEIR OWN MEMBERS - PERHAPS THREE OR FOUR MORE. IF THEY CAN DO THIS BY MAY 1ST THIS WOULD BE FINE; IF NOT, THE GROUP OF TEN COULD EXTEND ITS OWN INVITATIONS.

2. THE SELECTION OF THE COUNTRIES IS NOT TOO IMPORTANT AS THERE ARE CERTAIN NATURAL ALLIANCES. SAUDI ARABIA WOULD NOT EXPECT ANY AUTOMATIC BLOCK VOTES. IN ANY CASE, THERE WOULD NOT BE "VOTING," AS SUCH. THERE WOULD HAVE TO BE A BROAD CONSENSUS ON ALL IMPORTANT DECISIONS. AND THE MAJOR INDUSTRIALIZED COUNTRIES WOULD HAVE TO AGREE. THERE CERTAINLY COULD BE NO QUESTION OF ONE MEMBER, ONE VOTE. IN OTHER WORDS, THE EXPRESSION "BILATERAL" OR "TRILATERAL" IN THE CONTEXT OF THE CONFERENCE ARE MEANINGLESS.

3. THE AGENDA, AS SUBMITTED BY REFTEL, IS ROUGHLY WHAT THE SAUDIS WOULD EXPECT. THEY WOULD HAVE NO PROBLEMS WITH ANY
SECRET

SECRET

PAGE 03 JIDDA 02050 231536Z

OF THE ITEMS PROPOSED BY THE PRODUCERS, THE CONSUMERS OR THE LDCS. THEY ARE MOST INTERESTED IN DISCUSSING THE OIL SUPPLY AND PRICING ISSUES, THE QUESTION OF RECYCLING THE FUNDS AND INVESTMENTS - SUBJECTS WITH WHICH THE CONSUMERS ARE MOST CONCERNED. THEY WILL GO ALONG WITH THE COMMODITY DISCUSSIONS BECAUSE ALGERIA AND OTHER LDCS WANT THEM BUT WILL PROBABLY NOT PARTICIPATE ACTIVELY. THE QUESTION OF A RADICAL REVISION OF THE WORLD'S MONETARY OR FINANCIAL

SCENES WOULD BE CONSIDERED BY THE SAUDIS AS BEYOND THE SCOPE OF THE CONFERENCE. IN FACT THEY WOULD CLASSIFY THEM AS ITEMS THROWN IN BY ALGERIA TO DISRUPT THE CONFERENCE - SUBJECTS WHICH COULD NOT CONCEIVABLY BE RESOLVED AND WHICH COULD MIRE THE MEETINGS IN INTERMINABLE DISCUSSIONS. WHETHER SAUDI ARABIA WOULD OPPOSE ACTIVELY THE PLACING OF THESE ITEMS ON THE AGENDA IS SOMETHING QUITE DIFFERENT UNLESS URGED BY US, IT PROBABLY WOULD NOT.

4. YAMANI SAID HE WAS STILL UNDER THE IMPRESSION THE UNITED STATES WAS SKEPTICAL ABOUT THE UTILITY OF A CONSUMER/PRODUCER CONFERENCE. HE THOUGHT ALGERIA WANTED THE CONFERENCE TO FAIL AND HE HOPED THE U.S. WOULD NOT JOIN ALGERIA IN A GOOT-DRAWING ALLIANCE. HE WAS STILL CONFIDENT THAT THE CONFERENCE COULD REACH SOLUTION TO THE ENERGY/FINANCE PROBLEMS (AT LEAST) IF ALL SIDES WENT TO GENEVA WITH GOOD WILL. HE THOUGHT MOST COUNTRIES IN EUROPE, THE IRANIANS, THE VENEZUELANS AND THE LDCS WERE DETERMINED THAT THE CONFERENCE SHOULD SUCCEED.

5. PRINCE SAUD, DEPUTY MINISTER OF PETROLEUM, WILL ATTEND THE PREPARATORY MEETING AS HEAD OF THE SAUDI DELEGATION. YAMANI HIMSELF WILL ATTEND THE FULL MEETING.

6. THERE WOULD BE NO OBJECTION TO HAVING ORGANIZATIONS - THE EEC, OPEC OR IEA - ATTEND, BUT THEY WOULD PROBABLY HAVE TO HAVE OBSERVER STATUS ONLY.
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